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REDACTED - FOR PUBLIC INSPECTION

June 28, 2016

VIA ECFS

Ms. Marlene H. Dortch, Secretary Federal Communications Commission Office of the Secretary 445 12th Street, S.W. Washington, D.C. 20554

RE: REQUEST FOR CONFIDENTIAL TREATMENT WC Docket No. 14-58 - ETC Annual Reports and Certifications

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan Progress Report included in FCC Form 481

Confidential Information – Subject to Protective Order Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Brazos Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442041 is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket No. 14-58. The version of the Cooperative's FCC Form 481 submitted via ECFS is a redacted version of the filing that contains no confidential information.

The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan progress report and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan progress report is being made pursuant to Section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's



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March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58. These attachments contain competitively sensitive data that Brazos Telephone Cooperative, Inc. maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.

Five-Year Service Quality Improvement Plan Progress Report

Pursuant to Section 0.459 of the Commission's rules and Exemption 4 of FOIA, Brazos Telephone Cooperative, Inc. requests that the text and data extracted from its five-year service quality improvement plan progress report be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative maintains as confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with Section 0.459 of the Commission's rules, the following information is provided in support of this request:

(1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 – Five-Year Service Quality Improvement Plan Progress Report. Specifically, confidential treatment is sought for all information in the five-year plan progress report related to the Cooperative's access line counts, existing broadband capabilities, and current and planned financial investments in its network that will improve service quality, service coverage, and/or service capacity for its customers.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket No. 14-58 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a progress report on its five-year service quality improvement plan, pursuant to 47 C.F.R. §54.313(a)(1).

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan progress report contains granular information on the Cooperative's access line counts and/or existing broadband capabilities as well as recent and planned capital investments in its network to improve service quality, service coverage, and/or service capacity. It also contains a

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map of the Cooperative's service area detailing progress toward meeting broadband deployment targets at the wire center level. This is closely guarded, privileged information that the Cooperative does not make publicly available.

(4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider, such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

(5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan progress report would provide competitors with detailed, granular information regarding the Cooperative's access line count, its existing broadband capabilities, and its recent and planned network investments that improve service quality, coverage, and/or capacity for subscribers. This would give competitors valuable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan progress report as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

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(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan progress report is not available to the public, and third-party access is limited as described in (6) above.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. The information in the five-year plan progress report details the Cooperative's most recent network upgrades in relation to its previously submitted service quality improvement plan. It may also contain upcoming planned network improvements during the five-year period ending 2019. This information would provide a very useful baseline for competitors for several years beyond that period.

(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

Financial Annual Report

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Brazos Telephone Cooperative, Inc. seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.¹ The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

Brazos Telephone Cooperative, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

¹ Connect America Fund, ETC Annual Reports and Certifications, WC Docket Nos. 10-90 and 14-58, Protective Order, DA 16-296 (rel. Mar. 22, 2016).

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Each page of the five-year service quality improvement plan progress report confidential submission bears the legend, "CONFIDENTIAL – NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

In the filing submitted via ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

Lynette Hampton

Authorized Representative for

Brazos Telephone Cooperative, Inc.

LH/pjf

cc:

Attachments

Mr. Ted Scobee, Brazos Telephone Cooperative, Inc.

FCC For	m 481 - Carrier Annual Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	442041	
<015>	Study Area Name	BRAZOS TEL COOP INC	
<020>	Program Year	2017	
<030>	Contact Name: Person USAC should contact with questions about this data	Ted Scobee	
<035>	Contact Telephone Number: Number of the person identified in data line <030>	9405647341 ext.	
<039>	Contact Email Address: Email of the person identified in data line <030>	tscobee@brazostel.com	
	Form Type	54.313 and 54.422	

	ervice Quality Improvement Reporting ollection Form			FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-083 July 2013	19
<010>	Study Area Code	442041			
<015>	Study Area Name	BRAZOS TEL COOP IN	IC .		
<020>	Program Year	2017			
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee 9405647341 ext.			
<035>	Contact Telephone Number - Number of person identified in data line <030>				
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel	.com		
<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing §54.202(a) "5	(yes / no)	00		
<111>	year plan" filed with the FCC?	(yes / no)	\circ		
<112>	If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service. Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your CETC which only receives frozen support, your progress report is only required to address voice telephony service.)41tx112.pdf		
			Na	ame of Attached Document	
	Please select the appropriate responses below (Yes, No, Not Applicable) to conf that the attached document(s), on line 112, contains a progress report on its fiv service quality improvement plan pursuant to §54.202(a). The information shall submitted at the wire center level or census block as appropriate.	e-year			
<113>	Maps detailing progress towards meeting plan targets		Yes		
<114>	Report how much universal service (USF) support was received		Yes		
<115>	How much (USF) was used to improve service quality and how support was used to impr	ove service quality	Yes		
<116>	How much (USF) was used to improve service coverage and how support was used to im		Yes		
<117>	How much (USF) was used to improve service capacity and how support was used to improve service.				
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.		Yes Yes		

(200) Service Outage Reporting (Voice)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

Data Coll	ection Form									/ 2013	-0986/OIVIB CONTROL N	0. 3060-0819
<010>	Study Area Co	nde				442041						
<015>	Study Area Na					BRAZOS TEL	COOP INC					
<020>	Program Year					2017						
<030>				ct regarding this		Ted Scobee 9405647341						
<035>	Contact Telep	hone Number	- Number of pe	erson identified	in data line <0	30> 9405647341	ext.					
<039>	Contact Email	Address - Ema	il Address of pe	erson identified	in data line <0)30> tscobee@bra	zostel.com					
<210>	For the prior	r calendar yea	ar, were there	e any reportal	ole voice serv	ice outages?	No					
<220>	- <a>	<b1></b1>	<b2></b2>	<b3></b3>	<b4></b4>	<c1></c1>	<c2></c2>	<d></d>	<e></e>	<f></f>	<g></g>	<h></h>
	NORS Reference Number	Outage Start Date	Outage Start Time	Outage End Date	Outage End Time	Number of Customers Affected	Total Number of Customers	911 Facilities Affected (Yes / No)	Service Outage Description (Check all that apply)	Did This Outage Affect Multiple Study Areas (Yes / No)	Service Outage Resolution	Preventative Procedures

	fulfilled Service Request ection Form				FCC Form 481 OMB Control No. 3060-0986/OMB Contro July 2013	ol No. 3060-0819
<010>	Study Area Code		442041			
<015>	Study Area Name		BRAZOS TEL COOP INC			
<020>	Program Year		2017			
<030> Contact Name - Person USAC should contact regarding this data			Ted Scobee			
<035> Contact Telephone Number - Number of person identified in data line <030>			9405647341 ext.			
<039> Contact Email Address - Email Address of person identified in data line <030>			tscobee@brazostel.com			
<300> U	nfulfilled service request (voice)		0			
<310> D	Detail on attempts (voice)					
		Name	of Attached Document			
<320> I	Unfulfilled service request (broadband)		0]		
<330>	Detail on attempts (broadband)					_
		Na	ame of Attached Document			

(400) Number of Complaints per 1,000 customers	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should conta	act regarding this data Ted Scobee
<035>	Contact Telephone Number - Number of p <030>	erson identified in data line 9405647341 ext.
<039>	Contact Email Address - Email Address of <030>	Derson identified in data line tscobee@brazostel.com
<400>	Select from the drop-down list to indicate voice complaints (zero or greater) for voice calendar year for each service area in which any facilities you own, operate, lease, or or	e telephony service in the prior Offered only fixed voice h you are designated an ETC for
<410>	Complaints per 1000 customers for fixed v	oice 0.0
<420>	Complaints per 1000 customers for mobile	e voice
<430>	Select from the drop-down list to indicate end-user customer complaints (zero or grethe prior calendar year for each service are an ETC for any facilities you own, operate,	eater) for broadband service in Offered only fixed broadband ea in which you are designated
<440>	Complaints per 1000 customers for fixed b	roadband 0.0
<450>	Complaints per 1000 customers for mobile	broadband

•	mpliance With Service Quality Standards and Consumer Protection Rules lection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	442041	
<015>	Study Area Name	BRAZOS TEL COOP INC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee	
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.	
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com	
<500>	Certify compliance with applicable service quality standards and consumer pr	otection rules Yes	
<510>	Descriptive document for Service Quality Standards & Consumer Protection Ru	442041tx510.pdf ules Compliance	

(600) Functionality in Emergency Situations Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010> Study Area Code	442041	
<015> Study Area Name	BRAZOS TEL COOP INC	
<020> Program Year	2017	
<030> Contact Name - Person USAC should contact regarding this data	Ted Scobee	
<035> Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.	
<039> Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com	
<600> Certify compliance regarding ability to function in emergency situations	Yes	
<610> Descriptive document for Functionality in Emergency Situations	442041tx610.pdf	

(700) Price Offerings including Voice Rate Data Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010> Study Area Code	442041	
<015> Study Area Name	BRAZOS TEL COOP INC	
<020> Program Year	2017	
<030> Contact Name - Person USAC should contact regarding this data	Ted Scobee	
<035> Contact Telephone Number - Number of person identified in data l	ine <030> 9405647341 ext.	
<039> Contact Email Address - Email Address of person identified in data	line <030> tscobee@brazostel.com	
<701> Residential Local Service Charge Effective Date 1/1/2016 2702> Single State-wide Residential Local Service Charge		

3>	<a1></a1>	<a2></a2>	<a3></a3>	<b1></b1>	<b2></b2>	<b3></b3>	<b4></b4>	<b5></b5>	<c></c>
					Residential Local			Mandatory Extended Area	
H	State	Exchange (ILEC)	SAC (CETC)	Rate Type	Service Rate	State Subscriber Line Charge	State Universal Service Fee	Service Charge	Total per line Rates and Fed
H									
-									
L									
					See at	tached worksheet			
					 	taonoa workonoot			
									
-									
-									
-									
H									
H									
<u> </u>									

(710) Broadbrand Price Offerings	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	12041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com

<711>	<a1></a1>	<a2></a2>	<b1></b1>	<b2></b2>	<c></c>	<d1></d1>	<d2></d2>	<d3></d3>	<d4></d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rate and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select }
				 See attack worksheet - 	hed				
				, romanout					

(800) Operating Companies	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code		442041
<015>	Study Area Name		BRAZOS TEL COOP INC
<020>	Program Year		2017
<030>	Contact Name - Person U	SAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Numb	per - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - E	mail Address of person identified in data line <030>	tscobee@brazostel.com
<810>	Reporting Carrier	Brazos Telehone Cooperative, Inc.	
<811>	Holding Company	Not Applicable	
<812>	Operating Company	Brazos Telephone Cooperative, Inc.	

<813>	<a1></a1>	<a2></a2>	<a3></a3>
	Affiliates	SAC	Doing Business As Company or Brand Designation
-			
-			
•			
-			
•			
•			
•			
•			
-			

	bal Lands Reporting lection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 306 July 2013	60-0819
<010> <015> <020> <030> <035> <039> <900>	Study Area Code Study Area Name Program Year Contact Name - Person USAC should contact regarding this data Contact Telephone Number - Number of person identified in data line <030> Contact Email Address - Email Address of person identified in data line <030> Does the filing entity offer tribal land services? (Y/N) Tribal Land(s) on which ETC Serves	### HAZON TEL COOP INC 2017 Ted Scobee 9405647341 ext. tscobee@brazostel.com No	
<920>	Tribal Government Engagement Obligation	Name of Attached Document	
to confi	company serves Tribal lands, please select (Yes,No, NA) for each these boxes rm the status described on the attached document(s), on line 920, strates coordination with the Tribal government pursuant to 3(a)(9) includes:	Select Yes or No or Not Applicable	
<921> <922> <923> <924> <925> <926> <927> <928> <927> <928> <929>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions. Feasibility and sustainability planning; Marketing services in a culturally sensitive manner; Compliance with Rights of way processes Compliance with Land Use permitting requirements Compliance with Facilities Siting rules Compliance with Environmental Review processes Compliance with Cultural Preservation review processes Compliance with Tribal Business and Licensing requirements.		

	oice and Broadband Service Rate Comparability lection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code		442041
<015>	Study Area Name		BRAZOS TEL COOP INC
<020>	Program Year		2017
<030>	Contact Name - Person USAC should contact regarding this data		Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line	<030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line	<030>	tscobee@brazostel.com
<1000>	Voice services rate comparability certification	Yes	5
<1010>	Attach detailed description for voice services rate comparability compliance	4420	41tx1010.pdf
			Name of Attached Document
<1020>	Broadband comparability certification	Yes the	s - Pricing is no more than the most recent applicable benchmark announced by Wireline Competition Bureau
<1030>	Attach detailed description for broadband comparability compliance	44204	41tx1030.pdf
			Name of Attached Document

Terrestrial Backhaul Reporting ction Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
		July 2013
Study Area Code	442041	
,	BRAZOS TEL COOP INC	
	2017	
Contact Name - Person USAC should contact regarding this data	Ted Scobee	
Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.	
Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com	
Certify whether terrestrial backhaul options exist (Y/N)	Yes	
lease select the appropriate response (Yes, No, Not Applicable) to confirm the eporting carrier offers broadband service of at least 1 Mbps downstream and 256 pstream within the supported area pursuant to § 54.313(g).	kbps	
S P C C C	tudy Area Name rogram Year ontact Name - Person USAC should contact regarding this data ontact Telephone Number - Number of person identified in data line <030> ontact Email Address - Email Address of person identified in data line <030> Certify whether terrestrial backhaul options exist (Y/N) ease select the appropriate response (Yes, No, Not Applicable) to confirm the porting carrier offers broadband service of at least 1 Mbps downstream and 256	tudy Area Name rogram Year ontact Name - Person USAC should contact regarding this data ontact Telephone Number - Number of person identified in data line <030> ontact Email Address - Email Address of person identified in data line <030> tscobee@brazostel.com Certify whether terrestrial backhaul options exist (Y/N) Yes ease select the appropriate response (Yes, No, Not Applicable) to confirm the porting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps

(1200) Te	rms and Condition for Lifeline Customers	FCC Form 48	1
Lifeline		OMB Control	l No. 3060-0986/OMB Control No. 3060-0819
Data Coll	ection Form	July 2013	
<010>	Study Area Code	442041	
<015>	Study Area Name	BRAZOS TEL COOP INC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee	
<035>	Contact Telephone Number - Number of person identified in data line <030	9405647341 ext.	
<039>	Contact Email Address - Email Address of person identified in data line <030	tscobee@brazostel.com	
		442041tx1210.pdf	
		1101101101101.pdf	
×1210s	Towns 9 Conditions of Voice Tolonhamy Lifeline Dlane		
<1210>	Terms & Conditions of Voice Telephony Lifeline Plans		
		Name of Attached	d Document
<1220>	Link to Public Website		
\1220>	Link to Public Website HTTP		
	-		
"Please ch	eck these boxes below to confirm that the attached document(s), on line 1210,		
	osite listed, on line 1220, contains the required information pursuant to		
	a)(2) annual reporting for ETCs receiving low-income support, carriers must		
annually r			
armaany r			
<1221>	Information describing the terms and conditions of any voice		
	telephony service plans offered to Lifeline subscribers,		
<1222>	Details on the number of minutes provided as part of the plan,		
<1223>	Additional charges for toll calls, and rates for each such plan.		

(2000) Price C	ap Carrier Additional Documentation	FCC Fc	ırm 481
Data Collectio	on Form	Control No. 3060-0986/OMB Control No. 3060-0819	
Including Rate	o-of-Return Carriers affiliated with Price Cap Local Exchange Carriers	July 20	13
.040	dy Area Code 442041		
	dy Area Code 442041 dy Area Name BRAZOS TEL COOP INC		
	gram Year 2017		
	tact Name - Person USAC should contact regarding this data Ted Scobee		
	tact Telephone Number - Number of person identified in data line <030> 9405647341 ext.		
<039> Con	tact Email Address - Email Address of person identified in data line <030> tscobee@brazostel.com		
Select the a	appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipi	ent of Incremental High Cost support, High Co	st support to offset access charge reductions,
and Conne	ct America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The informa	tion reported on this form and in the docume	nts attached below is accurate.
Inc	remental Connect America Phase I reporting		
<2010>	2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1		
	2016 certification, this applies to Round 2 recipients of Incremental		
2011	Support		
<2011>	3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1		
	2016 certification, this applies to Round 1 recipients of Incremental		
	Support		
<2022>	Recipient certifies, representing year two after filing a notice of		
12022	acceptance of funding pursuant to 54.312(c), that the locations in		
	•		
	question are not receiving support under the Broadband Initiatives		
	Program or the Broadband Technology Opportunities Program for		
	projects that will provide broadband with speeds of at least 4		
	Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.		
~2022 >	The attachment on line 2024 includes a statement of the total amount of		
<2023>			
	capital funding expended in the previous year in meeting Connect		
	America Phase I deployment obligations, accompanied by a list of census		
	blocks indicating where funding was spent. This covers year two -		
	54.313(b)(2)(ii). Round 2 recipients only.		
<2024A>	Round 2 Recipient of Incremental Support?		
<2024A>	Round 2 Recipient of incremental Support:		
<2024B>	Attach list of census blocks indicating where funding was spent in year	Name of Attached Document Listing	
	two - 54.313(b)(2)(ii). Round 2 recipients only.	Required Information	
<2025A>	Round 1 or Round 2 Recipient of Incremental Support?		
1202577			
<202ED	Attach googged Information for Phase I milestone reports /Parred 1 for	Name of Attached Desument Listing	
<2025B>	Attach geocoded Information for Phase I milestone reports (Round 1 for	Name of Attached Document Listing	
	year three and Round 2 for year two) - Connect America Fund , WC	Required Information	
	Docket 10-90, Report and Order, FCC 13-		
<2015>	2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)		
	· · · · · · · · · · · · · · · · · · ·		

Data Collection For	rrier Additional Documentation (Continued) m eturn Carriers affiliated with Price Cap Local Exchange Carriers	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-08 July 2013	319
<2016>	Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)} Certification support used to build broadband		
	America Phase II Reporting {47 CFR § 54.313(e)}		
<2017A>	Connect America Fund Phase II recipient?		
<2017B>	Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price	Name of Attached Document Listing Required Information	
<2018>	cap carrier used for capital expenditures in 2015. Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)	Name of Attached Document Listing Required Information	
<2019>	Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)		
<2020>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)		
<2021>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)		
<2026>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)		
<2027>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)		

(3005) Rate Of Return Carrier Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)				
		Y	es - Att	tach Certifica	tion
(3010A)	Milestone Certification {47 CFR § 54.313(f)(1)(i)}				442041tx3010.pdf
(3010B)	Please Provide Attachment	Name of Attached Docu Information	ment Lis	ting Required	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community	Anchors		
(3012B)	Please Provide Attachment	Name of Attached Docu	ment Lis	ting Required	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	Information (Yes/No)	O	0	
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	O	•	
(3015)	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)				
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		L		
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Docu Information	ment Lis	ting Required	
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:	(Yes/No)	•	0	
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers			V	
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows			~	
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			~	
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers				
(3023)	Underlying information subjected to a review by an independent certified public accountant				
(3024)	Underlying information subjected to an officer certification.				
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows				743041bu2026 m45
(3026)	Attach the worksheet listing required information	Name of Attached Docu Information	ment Lis	ting Required	442041tx3026.pdf

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(3005) Rate Of Return Carrier Additional Documentation (Continued)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com

Financial Data Summary
(3027) Revenue
(3028) Operating Expenses
(3029) Net Income
(3030) Telephone Plant In Service(TPIS)
(3031) Total Assets
(3032) Total Debt
(3033) Total Equity
(3034) Dividends

(4005) Rural Broadband Experiment Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data li	ne <030> 9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data li	ne <030> tscobee@brazostel.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations - FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

relevant geographic area.

4003b. Provide the number, names and addresses Name of Attached Document Listing Required Information of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year. **Broadband Deployment Locations – FCC 14-98 (paragraph 80) 4004a**. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing Name of Attached Document Listing Required Information deadline for the FCC Form 481. 4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband Name of Attached Document Listing Required Information speed and data usage allowances available in the

Certification - Reporting Carrier	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate. Name of Reporting Carrier: Signature of Authorized Officer: Date Printed name of Authorized Officer: Title or position of Authorized Officer: Telephone number of Authorized Officer: Filing Due Date for this form: Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment

under Title 18 of the United States Code, 18 U.S.C. § 1001.

	tion - Agent / Carrier ection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	442041	
<015>	Study Area Name	BRAZOS TEL COOP INC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee	
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.	
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com	

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

I certify that (Name of Agent) Moss Adams LLP is authorized to submit the information reported on behalf of the reporting carrier also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.				
Name of Authorized Agent: Moss Adams LLP				
Name of Reporting Carrier: BRAZOS TEL COOP INC				
Signature of Authorized Officer: CERTIFIED ONLINE	Date: 06/28/2016			
Printed name of Authorized Officer: Ted Scobee				
Title or position of Authorized Officer: Asst. Manager				
Telephone number of Authorized Officer: 9405645659 ext.73	1			
Study Area Code of Reporting Carrier: 442041	Filing Due Date for this form: 07/01/2016			

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier				
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.				
Name of Reporting Carrier: BRAZOS TEL COOP INC				
Name of Authorized Agent Firm: Moss Adams LLP				
Signature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE	Date:	06/28/2016		
Name of Authorized Agent Employee: Lynette Hampton				
Title or position of Authorized Agent or Employee of Agent Telecommunications Consulting Manager				
Telephone number of Authorized Agent or Employee of Agent: 5126527725 ext.				
Study Area Code of Reporting Carrier: 442041 Filing Due Date for this form: 07/01/2016				
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S 18 of the United States Code, 18 U.S.C. § 1001.	.C. §§ 502, 503(b), or	fine or imprisonment under Title		



(700) Price Offerings including Voice Rate Data	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com
<701>	Residential Local Service Charge Effective Date 1/1/2016	

<703>

<702> Single State-wide Residential Local Service Charge

<a1></a1>	<a2></a2>	<a3></a3>	<b1></b1>	<b2></b2>	<b3></b3>	<b4></b4>	<b5></b5>	<c></c>
\u1>	NUL27	\u3>	7017	Residential Local	1037	1047	Mandatory Extended Area	
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Service Rate	State Subscriber Line Charge	State Universal Service Fee	Service Charge	Total per line Rates and Fees
TX	Archer City		FR	14.23	0.0	0.6	4.1	18.93
TX	Bryson		FR	14.23	0.0	0.59	3.5	18.32
TX	Elbert		FR	14.08	0.0	0.58	3.5	18.16
TX	Eliasville		FR	14.08	0.0	0.58	3.5	18.16
TX	Jermyn		FR	14.23	0.0	0.59	3.5	18.32
TX	Loving		FR	14.08	0.0	0.58	3.5	18.16
TX	Newcastle		FR	14.23	0.0	0.59	3.5	18.32
TX	Olney		FR	15.95	0.0	0.53	0.0	16.48
TX	Orth		FR	14.08	0.0	0.58	3.5	18.16
TX	Woodson		FR	14.08	0.0	0.58	3.5	18.16
_			_					

(710)	Broadband Price Offering
Data	Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	BRAZOS TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	9405647341 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazostel.com

<711>	<a1></a1>	<a2></a2>	<b1></b1>	<b2></b2>	<c> <d1></d1></c>	<d2></d2>	<d3></d3>		<d4></d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service -Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
	TX	ALL	79.95	0.0	79.95	10.0	2.0	999999	Other, No limit on usage allowance
	TX	ALL	149.95	0.0	149.95	30.0	3.0	999999	Other, No limit on usage allowance
	TX	ALL	209.95	0.0	209.95	50.0	5.0	999999	Other, No limit on usage allowance
	TX	ALL	59.95	0.0	59.95	10.0	10.0	999999	Other, No limit on usage allowance
	TX	ALL	79.95	0.0	79.95	20.0	20.0	999999	Other, No limit on usage allowance
	TX	ALL	99.95	0.0	99.95	30.0	30.0	999999	Other, No limit on usage allowance
	TX	ALL	139.95	0.0	139.95	50.0	50.0	999999	Other, No limit on usage allowance
	TX	ALL	199.95	0.0	199.95	100.0	100.0	999999	Other, No limit on usage allowance

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LINE 112 – FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN PROGRESS REPORT

The Cooperative received \$1,990,404 in Universal Service Fund ("USF") support in calendar	

year 2015. The Company spent of the USF support on capital expenses and on operating expenses.

Service Quality Improvement Plan Progress Report

	ice Quality Improvement I tan I ros	· · · · · · · · · · · · · · · · · · ·	
Exchange	Description of Improvements in 2015	2015 Planned	Actual Spent in 2015

Year End 2015 Progress Report Description



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LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Brazos Telephone Cooperative, Inc. (the "Cooperative") complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Cooperative operates are outlined in its member services tariff, which is approved by the Public Utility Commission of Texas ("Texas PUC"). The tariff contains provisions regarding the Cooperative's customer service and protection practices.

Service quality standards for voice service are established by the Texas PUC. The Cooperative consistently meets or exceeds those standards and provides reports to the Texas PUC, in accordance with the Texas PUC's rules

With regard to broadband service, the Cooperative provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a "best effort" service and are dependent upon a number of variables, many of which are outside the control of the Cooperative. The Cooperative also complies with the FCC's Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require transparency of network management practices, performance, and the commercial terms of broadband services.

The Cooperative complies with any and all consumer protection obligations under state law.

The Cooperative also complies with the following consumer best practices: (1) the Cooperative discloses its rates and terms of service to customers; (2) the Cooperative provides specific disclosures in its advertising; (3) the Cooperative separately identifies carrier charges from taxes on its billing statements; (4) the Cooperative provides ready access to customer service; (5) the Cooperative promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Cooperative abides by policies for protection of consumer privacy.

Finally, the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative's compliance with CPNI rules and a description of the Cooperative's operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Brazos Telephone Cooperative, Inc. is able to function in emergency situations. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services was \$47.48, which includes the federal subscriber line charge ("SLC").¹

In 2015, in all of the exchanges served by Brazos Telephone Cooperative, Inc., the highest single-line residential local rate, including any mandatory extended area service charge, was \$18.33. When the federal SLC (\$6.50) was added, the rate was \$24.83. Therefore, Brazos Telephone Cooperative's pricing of fixed voice services is less than the reasonable comparability benchmark of \$47.48.

¹ Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes, Public Notice, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015).

LINE 1030 – BROADBAND SERVICES RATE COMPARABILITY

Brazos Telephone Cooperative, Inc. charges a residential rate of \$59.95 for broadband service providing 10 Mbps download, 10 Mbps upload, and an unlimited usage allowance. This rate is lower than \$77.80, which is the 2015 reasonable comparability benchmark established by the Wireline Competition Bureau for 10 Mbps download, *1 Mbps upload*, and an unlimited usage allowance ¹ – a less robust service offering than the one provided by the Cooperative.

_

¹ Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes, Public Notice, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015).

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Brazos Telephone Cooperative offers qualified Lifeline subscribers a discount of \$12.75 (\$9.25 federal discount and \$3.50 state discount) on a flat-rate residential access line.

The Lifeline single-line residential rates in 2015, including any applicable mandatory extended area service charge and the federal subscriber line charge ("SLC") are provided below for the Cooperative's exchanges it serves:

Archer City Exchange: \$12.08 (\$24.83 standard rate - \$12.75 discount)

Bryson, Jermyn and Newcastle Exchanges: \$11.48 (\$24.23 standard rate - \$12.75 discount)

Elbert, Eliasville, Loving, Orth and Woodson Exchanges: \$11.33 (\$24.08 standard rate - \$12.75 discount)

Olney Exchange: \$9.70 (\$22.45 standard rate - \$12.75 discount)

The residential access line provided on a stand-alone basis or as part of a package always includes an unlimited number of local calling minutes.

Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer's choosing. Customers may elect to subscribe to toll blocking at no charge.

The Cooperative does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Cooperative reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills.

Lifeline Program reductions do not apply to additional services such as information-related services and custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

Lifeline customers may subscribe to any residential voice telephony service package that is generally available to the public and will receive a discount of \$12.75 from the regular price of the package.

An enrollment form and information on Lifeline terms and conditions can be found on the Cooperative's website at:

http://www.brazosnet.com/voice/special-services/

LINE 3010 - MILESTONE CERTIFICATION

Brazos Telephone Cooperative, Inc. ("the Cooperative") hereby certifies that the Cooperative has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, at rates that are reasonably comparable to rates for comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time. If the Cooperative determines that a request for broadband at actual speeds of at least 10 Mbps downstream/1 Mbps upstream is unreasonable, and offering broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream is reasonable, the Cooperative offers broadband service of at least 4 Mbps downstream/1 Mbps upstream.

BRAZOS TELEPHONE COOPERATIVE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2015 and 2014 With Independent Auditor's Report

BRAZOS TELEPHONE COOPERATIVE, INC. OLNEY, TEXAS

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Consolidated Balance Sheets	4 – 5
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Consolidated Statements of Changes in Members' Equity	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10 – 20



Independent Auditor's Report

The Board of Directors Brazos Telephone Cooperative, Inc. Olney, Texas

We have audited the accompanying consolidated financial statements of Brazos Telephone Cooperative, Inc., which comprise the balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brazos Telephone Cooperative, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Curtis Blakely + Co, P.C. Longview, Texas

March 29, 2016

BRAZOS TELEPHONE COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS December 31

Assets

Current Assets:

Cash and cash equivalents
Temporary investments
Accounts receivable
Accrued unbilled revenue
Materials and supplies
Prepaid income taxes
Other prepayments

Total Current Assets

Property, Plant, and Equipment:
Plant in service
Plant under construction

Total Property, Plant, and Equipment

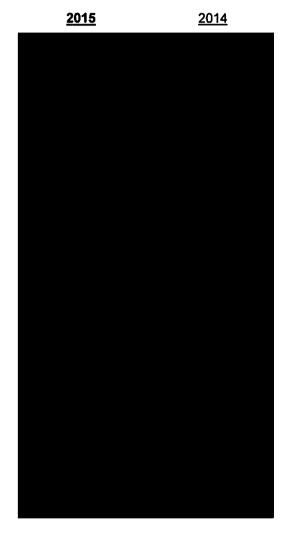
Less: Accumulated depreciation

Net Property, Plant, and Equipment

Investments and Other Assets: Investment in cellular entities Other investments Deferred charges

Total Investments and Other Assets

Total Assets



2015

2014

BRAZOS TELEPHONE COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS December 31

Liabilities and Equities

Current Liabilities:

Accounts payable
Accrued taxes
Accrued compensated absences
Other accrued liabilities
Customer deposits

Total Current Liabilities

Other Liabilities and Deferred Credits:
Deferred income taxes
Accrued postretirement benefits

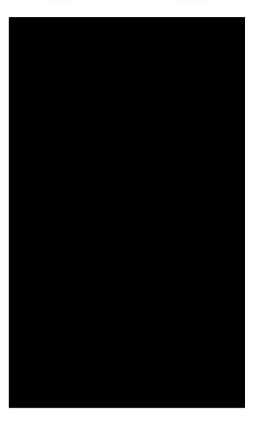
Total Other Liabilities and Deferred Credits

Members' Equities:

Patronage capital assignable
Patronage capital assigned
Accumulated other comprehensive income (loss):
Unrecognized postretirement benefit costs

Total Equities

Total Liabilities and Equities



2015

2014

BRAZOS TELEPHONE COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF OPERATIONS For the Years Ended December 31

Operating Revenues:

Local network services
Network access services
Long distance network services
Internet and managed services
Miscellaneous

Less: Uncollectible recoveries (revenues)

Total Operating Revenues

Operating Expenses:

Plant specific operations
Plant nonspecific operations
Depreciation and amortization
Customer operations
Corporate operations
Long distance
Internet and managed services
Total Operating Expenses

Operating Taxes:

Income taxes
Other operating taxes
Total Operating Taxes

Operating Margin

Nonoperating Margin:

Interest and dividend income Cellular entity's distributions Gain on sale of wireless spectrum Other nonoperating expense Income taxes Total Nonoperating Margin

Margin Before Interest Charges

Interest Charges: Interest expense

Net Margin

BRAZOS TELEPHONE COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For the Years Ended December 31

Comprehensive Income (Loss):
Net Margin

Postretirement benefit:

Actuarial gain (loss) arising

Amounts reclassified from accumulated other comprehensive income

Other Comprehensive Income (Loss)

Comprehensive Income (Loss)

BRAZOS TELEPHONE COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY For the Years Ended December 31

Balance, January 1, 2014

Patronage Capital Assigned

Net Margin

Other Comprehensive Income (Loss)

Retirements

Balance, December 31, 2014

Patronage Capital Assigned

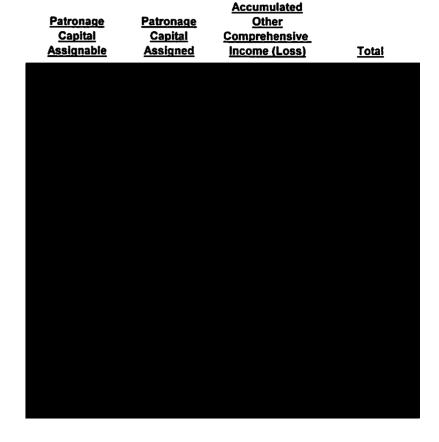
Net Margin

Other Comprehensive Income (Loss)

Federal Excise Tax Refund

Retirements

Balance, December 31, 2015



BRAZOS TELEPHONE COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS For the Years Ended December 31

Cash Flows from Operating Activities:

Net margin

Adjustments to reconcile net margin to net cash provided by operating activities:

Depreciation and amortization

Patronage capital certificates received

Gain on sale of wireless spectrum

Change in assets and liabilities:

Accounts receivable

Prepaids and deferred charges

Deferred tax assets

Accounts payable and accruals

Deferred tax liabilities and deferred credits

Total Adjustments

Net Cash Provided by Operating Activities

Cash Flows from Investing Activities:

Capital expenditures

Proceeds from sales of assets

Change in temporary investments

Net Cash Used in Investing Activities

Cash Flows from Financing Activities:

Federal excise tax refund received

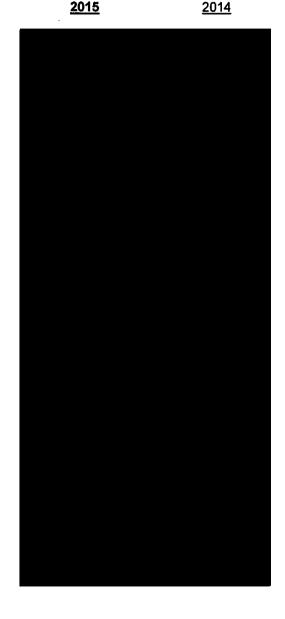
Patronage capital retired

Net Cash Used in Financing Activities

Net Increase (Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents at Beginning of Year

Cash and Cash Equivalents at End of Year



Note 1 - Summary of Significant Accounting Policies:

Basis of Presentation

In this report, Brazos Telephone Cooperative, Inc. (Brazos) and its wholly-owned subsidiary, Brazos Celltel, LLC (Celltel) are collectively referred to as the "Cooperative" or "we". The consolidated financial statements of the Cooperative include the accounts of Brazos and Celltel. All significant intra-entity transactions are eliminated in the consolidation process.

Brazos Telephone Cooperative, Inc.

We are a nonpublic, member owned cooperative that serves as an incumbent local exchange carrier providing various telecommunications services. We are regulated by the Public Utility Commission of Texas (PUC) and follow the Uniform System of Accounts (USOA) prescribed by the Federal Communications Commission (FCC). Our regulated telephone operations are subject to the provisions of FASC Topic 980 – Regulated Operations, which requires the recognition of the economic effects of rate regulation. Accordingly, FASC Topic 980 requires us to depreciate telephone plant and equipment over useful lives as approved by regulators, which could be longer than the useful lives that would otherwise be determined by management. FASC Topic 980 also requires deferral of certain costs and obligations based upon approvals received from regulators to permit recovery of such amounts in the future. We continually review the applicability of FASC Topic 980 based upon the developments in the current regulatory and competitive environment. If we were to discontinue the application of FASC Topic 980, we would be required to write-off our regulatory assets and liabilities and would be required to adjust the carrying value of any property, plant, and equipment that would be deemed unrecoverable. We believe we continue to meet the criteria for accounting under FASC Topic 980 and that the carrying value of our property, plant, and equipment is recoverable in compliance with the Uniform System of Accounts prescribed by the FCC.

Brazos Celltel, LLC

Celltel's principal activity is the investment in a limited partnership that owns and operates a cellular telephone system in North Texas and an investment in a limited partnership formed in a tower leasing agreement. The LP leases cellular tower sites. Celltel accounts for these investments using the cost method.

Reclassifications

Certain reclassifications of the prior year's data have been made to conform to the current year's classification.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Significant estimates reported in the financial statements are depreciation expense, network access revenues and the postretirement benefit accrual.

Note 1 - Summary of Significant Accounting Policies: (continued)

Property, Plant, and Equipment

Telephone plant is stated substantially at original cost. Additions, replacements, and renewals of property determined to be units of property are charged to telephone plant accounts. The replacement of plant determined not to be a unit of property and the cost of maintenance and repairs are charged to operating expense. Normal retirements are charged in total to the accumulated depreciation accounts along with the cost of removal, less salvage, with no gain or loss recognized. Non-telephone property is stated at cost and, when sold or retired, a gain or loss is recognized. Depreciation expense is computed using straight-line methods based on estimated service lives of the various classes of depreciable property. The service lives of regulated property are approved by the PUC.

Property, plant, and equipment are reviewed for impairment whenever events or circumstances indicate their carrying value may not be recoverable. When such events or circumstances arise, an estimate of the future undiscounted cash flows produced by the asset, or the appropriate grouping of assets, is compared to the asset's carrying value to determine if any impairment exists pursuant to the requirements of FASC Topic 360 – Property, Plant & Equipment. If the asset is determined to be impaired, the impairment loss is measured based on the excess of its carrying value over its fair value.

Internal Use Software

We capitalize software developed or obtained for internal use. These capitalized costs are included in property, plant, and equipment. Initial operating system software is amortized over the life of the associated hardware. Application software is amortized over a useful life of three years.

Income Taxes

As an organization formed under Internal Revenue Code Section 501(c)(12), Brazos must receive 85 percent of its gross income from voting members to be tax exempt. In 2015 and 2014, Brazos did not receive 85 percent of its gross income from voting members. Interest income, earnings from our investment in the cellular partnership and certain miscellaneous income are Brazos' only amounts subject to federal income tax. Brazos is allowed a patronage exclusion whereby its patronage sourced income is excluded from taxable income.

Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Celltel is our only entity subject to the Texas franchise tax, which is considered an income tax.

Note 1 - Summary of Significant Accounting Policies: (continued)

FASC Topic 740 – Income Taxes requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The first step is recognition: we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability.

Postretirement Benefits Other Than Pensions

In accordance with FASC Topic 715 – Compensation—Retirement Benefits, postretirement health care benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Actuarial gains and losses and prior service costs and credits resulting from changes in plan benefits are amortized over the average remaining service period of the employees expected to receive benefits. We report the current economic status (the overfunded or underfunded status) of the plan in our balance sheet, measure the plan assets and plan obligations as of the balance sheet date, and include enhanced disclosures about the plan. We recognize, through comprehensive income, changes in the funded status in the year that the changes occur.

Revenue Recognition

Revenues are recognized when earned. We participate in a revenue sharing arrangement with other telephone companies for interstate revenue. This arrangement includes cost based settlements and a federal universal service fund. Revenues earned through the sharing arrangement are initially recorded based on our estimates. Actual interstate revenues are not known until settlement studies are conducted. Changes in estimates relative to the actual settlement studies are recorded in the current period.

We bill and keep intrastate access and long distance revenues. We also receive fixed monthly amounts from the Texas Universal Service Fund (TUSF).

Revenues derived from local telephone service, internet services and special access (principally fixed fees) are billed monthly in advance and are recognized the following month when services are provided. Other revenues derived from telecommunications services, principally long-distance, and network access, are recognized monthly as services are provided. Other products and services revenue are recognized when products are delivered and accepted by the customers and when services are provided.

We have separate prices for the services described above but we also bundle these services into various service packages. Our multiple-deliverable arrangements are generally provided at a price below the amount determined on a separate basis. This discount is allocated to the non-tariff service items based on their separate selling prices. All of the services in a package qualify as separate units of accounting. All services are provided and recognized monthly, therefore, the allocation to specific units does not have a material impact on the timing of revenue recognition.

We collect taxes for various taxing authorities on certain types of revenue producing transactions. It is our position that we are acting strictly as an agent for the taxing authority, whereby, the tax is collected and remitted to the taxing entity. Using the net method to account for these taxes, we do not record the taxes as a revenue or expense.

Note 1 – Summary of Significant Accounting Policies: (continued)

Accounts Receivable

Accounts receivable are reported in the balance sheet at outstanding principal less any allowances for doubtful accounts. Receivables are short-term and interest is not accrued. Telecommunications receivables are written-off after the customer has been disconnected for at least ninety days. Other receivables are written-off at the time they are deemed uncollectible. An allowance for telecommunications and other receivables is recorded when deemed appropriate based on a review of aged receivables and expected recoveries.

Materials and Supplies

Materials and supplies are carried principally at the lower of average original cost or net realizable value. Most inventory is used in the construction of our fixed assets and, generally, no gain or loss is recognized upon issuance or write-off.

Patronage Capital

Brazos operates on a nonprofit basis. Amounts received from the furnishing of communication services in excess of operating costs and expenses are allocated to members on a patronage basis. All amounts received from nonoperating sources in excess of costs and expenses are also allocated to members on a patronage basis to the extent they are not needed to offset current or prior deficits.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all demand deposits, money market funds, and certificates of deposit with original maturities of three months or less to be cash equivalents.

Temporary Investments

Temporary investments include certificates of deposit with original maturities of three months or more. These investments are carried at cost which approximates fair market value.

Asset Retirement Obligations

FASC Topic 420 - Asset Retirement and Environmental Obligations requires that companies having a legal obligation to remove and dispose of assets, recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. Although we have had no legal obligation to remove assets, depreciation rates of certain assets established by regulatory authorities have historically included a component for removal costs in excess of the related estimated salvage value. Regulatory accounting precludes us from eliminating this accumulated liability for removal costs in excess of salvage value even though there is no legal obligation to remove the assets.

Advertising

We expense advertising costs as they are incurred. These expenses, which are insignificant, include media and other promotional and sponsorship costs.

Note 1 – Summary of Significant Accounting Policies: (continued)

Fair Value Measurements

In accordance with FASC Topic 820 – Fair Value Measurements and Disclosures, we measure fair value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. We apply a hierarchy that prioritizes the information used to develop assumptions used in determining fair value. The hierarchy contains three levels of inputs: Level 1 – quoted prices in active markets for identical assets or liabilities; Level 2 – observable inputs, such as, quoted market prices of similar assets or liabilities in active markets or for identical assets or liabilities in markets that are not active; and Level 3 – unobservable inputs obtained from our own data. FASC Topic 820 applies whenever other standards require or permit assets or liabilities to be measured at fair value; however, it does not expand the use of fair value in any new circumstances. FASC Topic 820 does not apply to lower of cost or market determinations for inventory and does not eliminate the practicability exceptions to fair value measurements.

Our significant fair value measurements are those required by FASC Topic 825 – Financial Instruments. We have not chosen to use fair value measurements unless required to do so by applicable accounting standards.

Note 2 - Accrued Unbilled Revenue:

This consists of revenues earned but not yet billed and estimated settlement study true ups.

Note 3 - Income Taxes:

Deferred tax assets and liabilities result primarily from differences in the financial reporting and income tax bases of partnership investments and depreciation methods and lives used for financial reporting and income tax reporting of certain property, plant, and equipment. The net deferred tax liability includes the following components:

Deferred tax liabilities Deferred tax assets

Net Deferred Tax Liability

Components of income tax expense (benefit):

Operating current
Operating deferred
Nonoperating current
Nonoperating deferred

Total

<u>2015</u> <u>2014</u>

The provision for income tax differs from the amount calculated using income before taxes at the statutory rate because of Brazos' patronage exclusion, other permanent differences and changes in prior year tax estimates.

Note 3 – Income Taxes: (continued)

We have not identified any uncertain tax positions requiring recognition in our financial statements and we believe that the positions taken would not require settlement at an amount less than full recognition. We file income tax returns in the U.S. federal jurisdiction and the State of Texas. We are generally no longer subject to U.S. federal income tax examinations by tax authorities for years before 2012 and we are no longer subject to examination by the State of Texas for years before 2011.

Note 4 – Property, Plant, Equipment, and Accumulated Depreciation:				
Net property, plant, and equipment at December 31,	2015 and 2014 was compc	sed of the followi	ing:	
Property, Plant, and Equipment: General support	Depreciation <u>Rate (%)</u>	<u>2015</u>	<u>2014</u>	
Central office and Internet Information origination/termination Cable and wire facilities Amortizable assets				
Total Property, Plant, and Equipment Accumulated depreciation and amortization				
Plant Under Construction				
Net Property, Plant, and Equipment				
Note 5 – Investment in Cellular Entities:				
Note 6 – Other Investments:				
Other investments are stated at cost and contain the	e following:	2015	2014	

Note 6 - Other Investments: (continued)

Our investment in cellular entities and other investments are not adjusted to market values because those values are not readily determinable and/or the investments are not marketable. However, the carrying values of these cost method investments will be adjusted if we believe that a decline in value below cost is other than temporary. The fair value of the cost method investments is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value. We do not estimate fair value for these investments under FASC Topic 825 because we are exempt from estimating fair value.

Note 7 - Employee Benefits:

Savings Plan

Postretirement Health Plan

We have a health plan that covers both salaried and hourly employees and retirees who retire pursuant to our eligibility requirements. Prior to January 1, 2014, we paid all employee claims and a portion of retiree's claims up to a stop-loss amount, at which point the insurance company providing catastrophic coverage began paying the claims. Effective January 1, 2014, we changed to a fully insured health plan. The health care for retirees is provided through a defined benefit postretirement plan. We record the obligation for future retirees' health care benefits in accordance with guidance found in FASC Topic 715. We fund these postretirement benefits using NTCA trust accounts. The following sets forth information for the other postretirement benefits for the years ended December 31:

Obligations and Funded Status

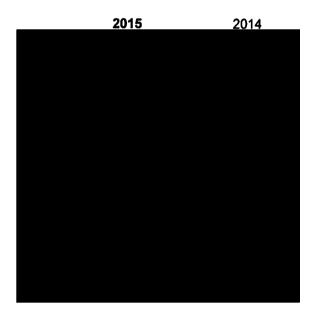
Benefit obligation measured at December 31 Fair value of plan assets measured at December 31

Funded status - liability recognized in the balance sheet at December 31

Liability recognized in the balance sheet, beginning of year Net periodic benefit cost accrued Employer contributions paid Comprehensive income (loss) recognized

Liability recognized in the balance sheet at December 31

Additional contribution and benefits information: Participant contributions Benefits paid



2015

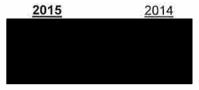
BRAZOS TELEPHONE COOPERATIVE, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2015 and 2014

Note 7 - Employee Benefits: (continued)

Assumptions

Weighted average assumptions used to determine the benefit obligation and net periodic benefit cost:

Discount rate Expected return on plan assets Rate of compensation increase



Our expected return on plan assets is determined by the plan assets' long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

Plan Assets



Common Stocks Corporate Bonds Mutual Funds and EFTs **Collective Trust Funds** REITS **Private Equity** Cash and Short-Term Investments

Total

The fair values were determined using Level 1 and Level 2 inputs.

Cash Flows

Note 7 - Employee Benefits: (continued)

The following benefit payments, which reflect expected future service, are expected to be paid:

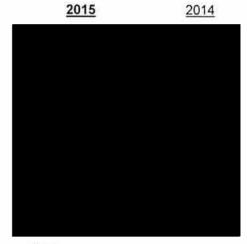
Accumulated Other Comprehensive Income (AOCI):

Amounts in AOCI that have not been recognized in net periodic cost:

Net gain (loss) Transition obligation

Amounts recognized in comprehensive income:

Net gain (loss) arising during the year Amortization of initial obligation Amortization of gain (loss)



Amounts in AOCI expected to be recognized in net periodic cost in fiscal year 2016:

Amortization of net loss Amortization of transition obligation



Other Information

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. We are impacted by the Act since we sponsor a postretirement health care plan that provides prescription drug benefits. Although we have determined that the benefit we provide is at least actuarially equivalent to Medicare Part D, measures of the APBO and net periodic benefit cost do not reflect any amount associated with the subsidy because we have chosen not to file for the subsidy at this time. This decision was made based on a comparison of cost associated with filing for the subsidy versus the benefit provided.

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ŀ	Note 8 – Additional Cash Flow Information:				
E	stimated Cash Paid:	<u>2015</u>	<u>2014</u>		
	Interest (net of capitalized interest) Income taxes				
8	ignificant noncash transactions:				
١	lote 9 – Financial Instruments:				
i: V	Our financial instruments include cash, temporary investments, receivables, cost method long-term investments, and payables. With the exception of long-term investments recorded at cost, the estimated fair value of such financial instruments at December 31, 2015 and 2014 approximate their carrying value as reflected in the balance sheets.				
<u>c</u>	Concentrations of Credit Risk				
e iı iı C	Financial instruments that subject us to concentrations of credit risk consist primarily of cash and cash equivalents, temporary investments and other receivables. Our policy is to place cash and temporary investments with federally insured financial institutions and to require collateral to support certain financial instruments. We do maintain cash balances in excess of insurance limits. Management believes the risk of credit loss due to nonperformance by counter parties is remote and any losses would not be material to the results of operations or financial condition.				
la r	Concentrations of credit risk with respect to telecommunications accounts receivable are limited due to the large number of customers. We require cash deposits from customers that do not have a sufficient credit rating but that is our only collateral requirement. Management believes the risk of nonpayment of other accounts receivable to be low based on the nature of the receivables.				
_	lote 10 – Commitments and Contingencies:				

Note 10 – Commitments and Contingencies: (continued)				
Leases				
Note 44 Prolongification Out of Accumulate	ad Other Comprehensive Income			
Note 11 – Reclassification Out of Accumulate				
<u>Details About Accumulated Other</u> <u>Comprehensive Income Components</u>	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement of Operations		
Note 12 – Subsequent Events:				

We have evaluated subsequent events through March 29, 2016, the date which the financial statements were available to be issued.